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PROTECTION

UNDER THE GUISE OF

FREE-TRADE

AS PRACTISED BY

GREAT BRITAIN AND IRELAND

COMPARED WITH

PROTECTION

AS PRACTISED BY

THE UNITED STATES OF AMERICA.

BY

JOHN WELSH,

(PRESIDENT OF THE PHILADELPHIA BOARD OF TRADE, LATE MINISTER FROM THE UNITED STATES TO GREAT BRITAIN, ETC., ETC.)

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LORD SALISBURY, when addressing the Chamber of Commerce in Manchester on the 17th of October last, as reported by the London *Morning Post*, said, "Everywhere we see arising around us a thick wall of protection cutting off the avenues of commerce." "This increase in protection is due not only to faulty theories." "If that were the case we might hope that the spreading of a sounder doctrine and the increase of communications would induce people and governments to give up theories of which the hollowness has been proved. The real cause of the increase of protective duties is the establishment of those great military forces which are increasing every year in every one of the larger countries of this hemisphere, which constitute a permanent drain on the forces of industry, a prominent danger to the interests of commerce, and which impose upon the governments which feel themselves bound to maintain these forces the necessity of finding some way that shall not too heavily gall the interests and susceptibilities of the people." After expressing his surprise that more enlightened doctrines have not hitherto had some effect on legislation, he went on to say that "it was a matter of extreme surprise that the great agricultural country of the world—the United States—consents to submit, for the sake of some portions of its citizens, to so heavy and specious a voluntary taxation."

One must be in somewhat of a playful humor after reading these remarks, and, therefore, I beg of you to remember that it was to a Manchester audience Lord Salisbury was speaking. What could have been more appropriate than the lamentation uttered by Her Majesty's principal Secretary of State for Foreign Affairs? What less could he have done than to show some

sympathy for his audience in their distress? Trade has been dull! Mills have been idle! Capital unproductive! They needed consolation. What he said seems strange to us, but no one can doubt his sincerity. But was he not surrounded by men thoroughly persuaded in their own minds, for at least thirty years past, that free trade was to produce universal peace? yet he was proclaiming to them that during its reign standing armies had grown enormously, and that protection was a consequence. Why did he not go a little farther and show them that free trade, an enormous navy, and not an inconsiderable army, were moving harmoniously together under the flag of Great Britain? And was it altogether accidental that he omitted the very apt illustration, to strengthen his position, that the United States, under a protective system, was as nearly as possible without a navy or an army? Moreover, he said nothing about the colonies of England—why omit them?—peopled by her own sons, educated in her own schools, but all wedded, in spite of their education, to the fatal system, as he regards it, and which, in his opinion, must work their ruin, although all these communities are agricultural, all without standing armies, all peacefully pursuing their highest happiness, in great prosperity. Yet he turns most affectionately towards the United States with an expression of “extreme surprise” that all her people should consent to be taxed for the benefit of a portion of them, and adds, “I cannot help thinking that the time will come when the farmers of the United States will prefer cheap cotton to dear, and also cheap iron, and when that time comes the United States will enter upon a sound policy of fiscal and commercial legislation. But,” he adds, “with regard to the other countries of the world, I have no such immediate hope.”

There are eighty millions of English-speaking people. A majority of thirty millions of them who live in Great Britain assert that they conform to the laws of a science which is called free trade, and that inasmuch as it is a science based upon

principles which are fixed and irreversible, conformity to it must be followed by the most advantageous results.

Is not this a delusion? Has not each country its peculiar conditions which must be recognized and conformed to for the greatest good of its people? What is called free trade in England is nothing less than a conformity to its circumstances, the result of the earnest consideration of them by its statesmen, and a wise adaptation to them of a system which, in their judgment, will bring into the most favorable action all the resources of the kingdom. In short, this system is intended to promote the welfare and protect the interests of Great Britain.

It cannot be charged against Great Britain that the interests of its people have been disregarded. British interests are avowed by its present most distinguished statesmen as paramount. The world has been inconsiderate enough to assert that at times even human rights and public faith have been subordinated to British interests. For centuries the leading purpose of the nation has been the increase of its resources. The navy expanded and the army grew in numbers. The commercial marine was fostered, and in doing so large subsidies were given. In all possible ways the manufacturing industries were encouraged, and to prevent the competition of other nations the export of improved machinery was prohibited. British interests were paramount. When it became apparent that the circumstances of Great Britain were favorable for its becoming the manufactory of the world and the carrier for all nations, that in doing so a rapid road to wealth and increased greatness would be opened, then it was that a new system was suggested by the statesmen of that day, called a science, said to be based on a theory of free trade, clothed in language to delude the world, and held up for imitation by those whose penetration was thought to be unequal to discover that it was as thoroughly protective, as applied to Great Britain, as it possibly could be, for in its inception there was but a single purpose, whatever

may be said to the contrary, and that was to promote the best interests of its own people by its adoption at home, and to serve the same purpose by its adoption abroad.

At that moment Great Britain was well stocked with machinery, and its means of enlarging it were unlimited. In ores and coal its supplies were inexhaustible. Its capital was very large. Its commercial marine exceeded that of many nations combined. And its agricultural resources were insufficient for the support of three-fourths of her dense population. How were all these conditions to be turned to the best account? The conversion of the raw products grown elsewhere, and their distribution for consumption among the nations of the world, were seen to be a sure source of wealth. How was Great Britain to secure this end? The cost of labor must be kept at its minimum, consequently duties could no longer be levied on provisions; nor on wool and cotton, nor on any thing connected with and entering into manufactures, for if this were done, they could not be distributed through the world with profit. The only thought was the profitable employment of Great Britain's capital in the world's commerce; of its marine as carriers for all the world; of its population; its coal, which multiplies manifold the sinews of the people; and its machinery in manufacturing for the consumption of the world. To employ these was the great problem. The abrogation of the corn laws was the solution. That was the first step which led to a revolution in the domestic and foreign policy of Great Britain. The contest was long and bitter, but it was successful, resulting in a discontinuance of all import duties on the mass of materials which entered into manufactures for foreign distribution. The great growth of Great Britain's commerce dates from this period, and is to be ascribed to this change in its policy, although it will be seen that it was coincident with the discovery of gold in California, which occurred in 1848, and was rapidly followed by its discovery elsewhere. The additions to the stock of the

precious metals stimulated most, if not all, of the nations, and Great Britain, by its change of policy, was prepared to supply the extraordinary demand which immediately sprang up. The first distinctly-marked improvement in the trade of Great Britain was in 1849; since then, its trade has grown to its present vast proportions. The wealth which has been accumulated has been enormous, and every other nation, without exception, because of the loans made to them by the subjects of Great Britain, is to a very large extent contributing to its income. The policy which has produced this prosperity is an evidence of the wisdom of men whose names are written on the roll of fame. It has a resemblance, in a few particulars, to free trade, but it is in reality a *wise protective system adapted, after a careful study of all the conditions of the Kingdom, to the promotion of its best interests*, fortunately aided by the coincidence of a new stimulus which, whilst it added to the wealth as well as the wants of other nations and made them large consumers, consequently made them large customers of Great Britain. The system comprises a strong government to secure quiet at home; troops where they are wanted throughout the empire; fleets of armed vessels in every sea; education promoted at public expense; postal laws controlling all correspondence; telegraphy as a public monopoly; special taxes on special callings; licenses of various kinds; repressive laws; subsidies; heavy customs duties on many articles of merchandise; income taxes; privileged classes, etc., etc. Such a system has but little in common with the "*laissez faire*" doctrine. Nevertheless it has made Great Britain very rich, but kept its industrial classes poor. Fleets cover the sea, bringing to its shores the tributes of every land, but the hours of labor have been but little, if at all, diminished. Its aristocracy and gentry revel in their privileges; princes abound among its manufacturers and its merchants; luxury and elegance are seen on all sides; but the workmen earn relatively no more than they did before this

tide of prosperity set in, and the depraved classes are not materially reduced in numbers nor improved in morals. The system has produced great wealth, but it has not secured the general distribution of that wealth.

Let me here turn to the United States. Originally colonies of Great Britain, our institutions were based on the same principles which have given to Great Britain all its glory; but, untrammelled by the traditions of the old world, they have been here more fully and favorably developed. From the infancy of our government there has been a constant aim to shape its policy so as to uplift all classes of our people, and especially that which is known as the industrial class, to the enjoyment of the greatest attainable privileges. Inheriting the ambition of our forefathers, occupying a new country unrestricted in space and varied in soil and climate, the desire has always been not only to be politically independent, but to direct our energies so that at the earliest possible moment every thing necessary for our use, as well in times of peace as in times of war, shall be produced within our borders. In other words, that as a people we shall be the equals of any other people in the ability to provide for and protect ourselves, and the superiors of any other people in the possession of privileges and in the enjoyments of life. Without a dynasty claiming to rule over us by divine right; without a Church asserting a supernatural power to have an exclusive control over the consciences of men; without classes who in honor or privileges are exalted above their fellows; without a hindrance to perfect equality in the possession of all civil and religious rights, the experiment was begun, and after a trial of a century the United States of America stands before the world as a nation that has achieved the highest success, at the same time commanding universal respect. The century opened on it in feebleness and exhaustion. It has closed with it conspicuous for its strength and power. Then it was occupied by a population of three

millions settled on the Atlantic slope. Now forty-five millions of people occupy its territory, stretching from an ocean on the east to an ocean on the west. The pursuits of its inhabitants were then confined to few objects, and for very many of their supplies they were dependent on other countries. Now a diversified industry produces for them the means to supply every reasonable want, and a large excess goes abroad for the consumption of other nations. Its interior was then inaccessible; now its navigable rivers are alive with commerce; railways reach every neighborhood and cross the continent, having changed the current of trade, which now bears upon it the products of China and Japan, seeking the markets of Europe.

What is it that has wrought these marvellous results? Institutions of government paternal in their character and influence established by the people and for the people. The government so moulded has always been in sympathy with the people, alive to their interests, jealous of their rights, and solicitous for their highest happiness in the attainment of the most perfect civilization. It has never been an article of our creed that the people of other nations were entitled at our hands to the same consideration as our own; that our system was designed to promote their welfare to the same extent as that of the inhabitants of our own land. We have made no such professions of universal philanthropy, nor tried to delude others with the thought that our vision extended beyond our own borders and our own interests. It is true we looked with dread upon the possibility that any class amongst us should lack the advantages which elsewhere are denied to others, and therefore in all its features our government is a perfect exemplification of a protective system. Our laws protect us in the enjoyment of liberty and equal rights. Our army and navy protect us against the evil designs of our enemies. Our consciences are protected against external control. Our intelligence is fostered by education at the public expense. Uni-

versal suffrage protects us from the evils of a faction or the usurpation of a party, and what has been more powerful in contributing to the general welfare than anything else is that the labor of the country has been protected by a tariff from the necessity of competing with the ill-paid labor of other countries. That has been a stimulus not only to our sinews, but also to our brains. The exhibition of 1876 has established beyond controversy that in whatever branch of production our hands had been turned great excellence had been reached, and that wherever the American mind had centred the results attained proved the broad, grasping genius of the people. Even now, young as we are, we cannot be charged with either pride or presumption when we assert that we have already reached the point of perfect independence, and that on looking around among the nations of the earth there is no one which, in the condition of its whole people, is at all comparable with ours. Although no professions of philanthropy have been made, has not the influence of the country been most powerful and most beneficial? In many places across the ocean the suffrage has been enlarged, public education has been stimulated, international laws have recognized enlarged rights and broader principles, a respect for naturalization has been extended, good behavior has to a great extent obviated the necessity for a passport, and where of old it would have been treason to have hinted at the subject, republican principles may now be discussed. Has not our experiment been eminently successful?

Our tariff has long been a *bête noire* to the English. Even that great man who is so much honored here—John Bright—never alludes to it without showing how much it disturbs him. In speaking of it in his letter to Cyrus W. Field he says, “The man who possesses a monopoly by which he thinks he gains is not open to argument.” It has often been said that England possessed a monopoly as a manufacturer for the world, because of its superior advantages, of which it could not be dispos-

sessed ; and this being so, one might naturally, perhaps properly, apply Mr. Bright's assertion to himself. The force of it is lost as applied to us, for certainly that cannot be called a monopoly which is open to a participation in by forty-five millions of people and by those of every other nation who choose to avail of it,—and very many have done so, and more are now doing so. It is, to say the least, a broad-spread monopoly, one which was designed to develop the resources of the nation, to stimulate the industry of the people, and to promote general prosperity. Another objection to the tariff is urged by our sympathetic friends across the water, on which they dwell with great tenderness ; that is, that it is productive of an unhealthy growth in our manufactures,—a hot-house culture. Where is the evidence of the truth of this view ? The same reverses which existed here have been felt in England. If our iron and coal, our cotton and wool interests have suffered, theirs have suffered more. We do not charge that on their so-called free-trade, neither can they charge our misfortunes on our system. The same cause has affected both them and us. No such thought as an undue interference with the affairs of others presents itself to our English friends, for they are earnest in season and out of season in trying to correct our so-called errors, or what Lord Salisbury calls our “ faulty theories.” Their periodicals and our periodicals are largely filled with their appeals to our intelligence, and often in Parliament and on the hustings are the people of the United States held up as extraordinary examples of ignorance of the simplest principles of economic science. That for which they show most concern, however, is the great agricultural interest in the United States. The wrongs which it suffers because of the tariff wound them to the very quick. Lord Salisbury says, in regard to it, that it is “ a matter of extreme surprise ” that the agricultural classes “ submit to so heavy and specious a voluntary tax.” John

Bright says, "Under slavery the man was seized and his labor was stolen from him, and the profit enjoyed by his master and owner. Under protection the man is apparently free, but he is denied the right to exchange the produce of his labor except with his countrymen, who offer him less for it than the foreigner would give."* And yet a large proportion of their produce is bought directly by foreigners. One cannot here help asking—and perhaps it is a sufficient answer to all Englishmen who are so grievously distressed on this account—why is it that from one end of the kingdom of Great Britain to the other there is a wail of distress from the agriculturists which has caused universal anxiety and led to parliamentary action for their relief; whilst if there is a prosperous and grateful people on the face of the earth, it is the agriculturists of the United States? They have a common interest with their fellows, and recognize that our relations to each other are such as to make us all aim for a common prosperity. In this feeling no class shares more largely than the agriculturists of the United States. They can appreciate what improved machinery has done for them; how close the railroads have brought their farms to the markets, reducing the cost of transportation to a small percentage of what they once paid. They have seen their hogs, and sheep, and oxen, and many other articles transformed into preserved provisions in a few minutes, packed and ready for distant markets; their grain stored in huge elevators by machinery, thence to be transferred at an infinitesimal cost, large ships being loaded in a few hours. They know that these are the results of American genius, and that they are found in no other part of the world. They find manufactories rising around them, bringing a population to their doors, giving employment to their children, and rapidly creating a home market for their produce. They are keen

* Letter to Cyrus W. Field.

observers ; their advantages have rapidly increased. They hear our English friends say how much better they might have done, but they cannot understand why the English farmer is always going behindhand. The facilities they enjoy they know are unparalleled, and well may they ask themselves, Why should not we be satisfied? When in the history of the world was so strange a fact known as this, that oxen raised at the base of the Rocky Mountains and wheat grown in the valleys of Minnesota may within one little month be used as food in the heart of Old England?

These are the results of a system on which we have reason to pride ourselves as a nation, because originating in the desire to uplift our people it has been successful. Already the interior of the United States is dotted with prosperous settlements, and our coast lines are marked by seaports of great activity. Everywhere there are inducements for those who in their present homes, under other governments, are looking to the future with anxiety, to come and abide with us. To the feature which, by the ardent missionaries of free trade, is held up as so odious, as interfering with individual rights, as subversive of economic laws, as checking the prosperity of a nation,—to the tariff itself are these wonderful results largely due. As a government is to secure order and personal rights ; as the army and navy are to defend us from our enemies and to give us the enjoyment of peace ; as universal education is for the diffusion of intelligence, so is the tariff to protect us from competition with the cheap labor of other countries. Every advantage we enjoy may be at some cost, but the results brought about by that cost are more than an equivalent. Other systems regard men as machines,—the faster, the longer, the cheaper they can be driven, the better. Our system looks upon all men as entitled to equal consideration, and if there be a portion of them, as there needs must be under the present organization of society, who must be the laborers for the nation, then

that portion by it is protected, not from competition with each other, but from a foreign competition. By this protection a large circulation of money among the industrial classes is promoted, and what follows are increased comforts and an improved condition. As a consequence our labor is more productive, for it is well fed and well clothed, more intelligent, more thoughtful, and more conscientious than that of other countries.

Mr. Bright, in his speech at Manchester, England, October 25th, to show the great benefits which Great Britain had derived from free trade, stated that in 1840 the imports and exports of that kingdom amounted to £172,000,000 (\$860,000,000), whilst in 1878 they had grown to £611,000,000 (\$3,055,000,000). This statement met with great applause. By the same process we can establish the superiority of protection, which, without the advantage of a large capital, immense possessions abroad, and the earnings of an enormous tonnage, has caused our foreign commerce in the same time to grow from \$202,000,000 in 1840, to \$1,180,000,000 in 1878.

That, however, bears a very small proportion to the large and rapidly increasing commerce among ourselves. Mr. T. Bayley Potter, M.P., Secretary of the Cobden Club, in a speech delivered at a banquet given to him by the New York Free Trade Club on the 12th November, said, "Internally you are the greatest free-trade country in the world; may we not hope that soon you will extend your principles to other lands instead of confining it to your States?" This is very suggestive, and as such experiments ought to be made discreetly, it might not be unwise for our next neighbor, "the Dominion of Canada," to suggest a zollverein, by the adoption of our internal and external duties, making a pool of them with ours, and a division *per capita* between Canada and the United States, and a perfect free trade between the two countries. This would open to both a full participation in the advantages which each

possesses and do away with all existing barriers. All advantages would be mutual. But should the day come when a free trade with England shall be opened, would the people of England rejoice? As we now are, with our better economy of labor and the greater intelligence of our laborers, England is beginning to feel our competition at its own doors very sensibly. It will continue to press upon it more seriously. If it should come to pass, however, that the tariff be repealed, the price of labor must fall to the foreign standard, for the tariff is, in a great degree, but a question of the price of labor, and one would think no lover of his kind could desire such a result; in that event, as every element required in manufacturing abounds here, cotton, wool, iron, coal, etc., the values of which depend on the cost of labor,—and it cannot be pretended that our workmen are less skilled than those of other countries,—what could prevent us, as we then would produce at a lower cost than other nations, from driving all competitors out of foreign markets?

Who would be the gainers by this policy? It would injure others without benefiting us. It might make the rich richer, but assuredly it would make the poor poorer. On the industrial classes would fall the burden of increased labor with diminished wages, for the weight of a competition with foreign labor must fall upon them. They form the great heart of our country on whose healthful action the general prosperity is dependent.

The welfare of the people of the United States has been our first care, and it should continue to be. With the population prosperous the nation must be prosperous. It is so now, and if Congress will but continue without change our present system, and *secure* to it the advantage of a sound currency, the result will show the great benefits to be gained by the confidence it will inspire in the community, which will lead to a vast additional development and increase of our re-

sources. Ten years of undisturbed quiet will enable us to reach a point of prosperity never before attained. Should it be that Lord Salisbury, Mr. Bright, and Mr. Potter will then turn their eyes upon this favored land, so kind are they in their feelings towards the United States, they will rejoice to find our prosperity so great in spite of our "faulty theories," our "monopoly," and our "ignorance of economic science."

Nor will this be other than advantageous to Great Britain. Lord Beaconsfield has said that the United States cannot prosper without imparting increased activity to the industries of Great Britain. This is certainly true. The two nations are closely bound together and may well rejoice in each other's welfare. At this moment Great Britain may be depressed in its industries, but its future will not be less glorious than its past. The minds of its statesmen have difficult problems to solve, but they will accomplish what they have undertaken. What is defective in the present system will be corrected until every interest shall be as free as possible from difficulties, and the vast power of the nation applied with the least possible friction. When this shall have been accomplished its system will be one as nearly perfect in the *protection* of British interests as can be reached.

